

**BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA  
COLUMBIA, SOUTH CAROLINA**

**HEARING #21-11953**

**OCTOBER 14, 2021**

**10:00 A.M.**

**ND-2021-33-E:**

**SOUTH CAROLINA PUBLIC SERVICE AUTHORITY (SANTEE COOPER)** — *Request by the Public Service Commission for an Allowable Ex Parte Briefing Regarding a High-Level Overview of the Company's Organization and Operation, to Include the Related Statutory Responsibility of the Commission*

**ALLOWABLE EX PARTE  
BRIEFING**

**COMMISSION MEMBERS PRESENT:** Florence P. BELSER, VICE CHAIR; *and* COMMISSIONERS Carolyn L. 'Carolee' WILLIAMS, Stephen M. 'Mike' CASTON<sup>[A/V]</sup>, Thomas J. 'Tom' ERVIN<sup>[A/V]</sup>, Headen B. THOMAS, and Delton W. POWERS, JR.

**ADVISOR TO COMMISSION:** David W. Stark, III  
STAFF COUNSEL

**STAFF:** Jocelyn Boyd, Chief Clerk/Executive Director; Jo Anne Wessinger Hill, General Counsel; F. David Butler, Special Counsel; Sharon Plyler Besley, Esq., Sandra V. Moser, Esq., Hope Adams, and Elise Wilson, Legal Staff; John Powers, Technical Advisory Staff; Randy Erskine, Information Technology Staff; Virginia 'Ginger' Crocker, Clerk's Staff; Melissa Purvis and Gwen Richardson, Livestream Technical Staff; and Jo Elizabeth M. Wheat, CVR-CM/M-GNSC, Court Reporter

**APPEARANCES:**

**PAMELA J. WILLIAMS, ESQUIRE**, and **STEPHEN R. PELCHER, ESQUIRE**, legal representatives of/for **SOUTH CAROLINA PUBLIC SERVICE AUTHORITY (SANTEE COOPER)**, together with PRESENTERS **MARK B. BONSALL** [President/CEO], **J. MICHAEL POSTON** [Chief Customer Officer], **CHARLIE B. DUCKWORTH** [Deputy CEO/Chief of Planning/Innovation Officer], and **B. SHAWAN GILLIANS** [Director, Legal Services/Corporate Secretary]

**BENJAMIN P. MUSTIAN, ESQUIRE**, Designee of the Executive Director of the **SOUTH CAROLINA OFFICE OF REGULATORY STAFF**

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Note: For identification of any additional referenced materials and/or links for same, please see correspondence to be filed by the Office of Regulatory Staff Designee

**Please note the following inclusions/attachments to the record:**

- Santee Cooper's Presentation Slides (PDF)
- Stakeholder Process Examples Referenced by Commissioner Ervin
- Additional Referenced Materials Submitted by Santee Cooper post-briefing

P R O C E E D I N G S

**VICE CHAIR BELSER:** Good morning, and welcome to the Public Service Commission for an allowable ex parte briefing from the South Carolina Public Service Authority. also known as Santee Cooper.

Before we get started, let's do a roll call of Commissioners. Present in the hearing room we have Commissioner Powers, Commissioner Thomas, Commissioner Williams; and appearing virtually we have Commissioner Ervin and Commissioner Caston.

Mr. Mustian, from ORS, I'm going to ask you to come on up. I will note that today is now an allowable ex parte briefing that the Commission has requested from Santee Cooper for a high-level overview of Santee Cooper, to give us some insight into their organization and operations, as well as the statutory responsibility of the Commission, which will take place next – I believe beginning January 1.

Mr. Mustian.

**MR. MUSTIAN:** Can you hear me?

**VICE CHAIR BELSER:** Yeah.

**MR. MUSTIAN:** Vice Chairman Belser, thank you. Thank you to all the Commissioners. It is a pleasure to be back here with you in person today,

1 and I appreciate you allowing me a moment to speak.

2 My name is Ben Mustian. I am the deputy  
3 general counsel for the Office of Regulatory Staff,  
4 and I am here today as the designee for the  
5 Executive Director of ORS at this allowable ex  
6 parte.

7 As the ORS representative, it is my duty in  
8 this proceeding to certify the record to the Chief  
9 Clerk of the PSC within 72 hours as to whether or  
10 not this briefing was conducted in compliance with  
11 the provisions of South Carolina Code Annotated  
12 Section 58-3-260(C). The requirements of that  
13 statute are, in part, that the allowable ex parte  
14 be confined to a subject matter which has been  
15 noticed. In this case, the issue that has been  
16 noticed was, quote, "a high-level overview of South  
17 Carolina Public Service Authority's," or Santee  
18 Cooper's, "organization and operation, and to  
19 include the statutory responsibility of the Public  
20 Service Commission." I would, therefore,  
21 respectfully ask that everyone here please refrain  
22 from discussing any matters that are not related to  
23 Santee Cooper's organization, operation, and the  
24 relevant statutory responsibility of the  
25 Commission.

1                   Secondly, the statute prohibits any  
2                   participants, Commissioners, or Commission Staff  
3                   from requesting or giving any commitment,  
4                   predetermination, or prediction regarding any  
5                   action by any Commissioner as to any ultimate or  
6                   penultimate issue which either is or is likely to  
7                   come before the Commission.

8                   Third, I would ask that the participants, the  
9                   Commissioners, and the Staff refrain from  
10                  referencing any reports, articles, statutes, or  
11                  documents of any kind, that are not included in  
12                  today's presentation, to prevent the need for  
13                  myself or Santee Cooper's attorneys from having to  
14                  try and track down copies or links to these  
15                  documents that would need to be included into the  
16                  record of this proceeding.

17                  Finally, as none of the information contained  
18                  in the presentation appeared to have been marked or  
19                  requested to be granted confidentiality, I would  
20                  ask that the presenters refrain from referencing or  
21                  discussing any materials over which they would like  
22                  to maintain confidentiality, and would ask that the  
23                  Commissioners please be understanding if the  
24                  presenters decline to provide such information to  
25                  the Commission questions here today.

1 As a final note, please make sure to read,  
2 sign, and return the certified statement form,  
3 which has been provided to all attendees today and  
4 which I understand will be e-mailed to the persons  
5 who are viewing this virtually. I also would ask  
6 that each person please read the form carefully.  
7 This form needs to be signed by each attendee to  
8 certify that the requirements contained in SC Code  
9 Annotated Section 58-3-260(C) have been complied  
10 with at the presentation today.

11 Thank you, Vice Chair Belser.

12 **VICE CHAIR BELSER:** Thank you, Mr. Mustian.

13 Mr. Bonsall, we are very pleased to have you  
14 and your crew with you today – with you and here  
15 today, and we look forward to your presentation.  
16 So I will recognize you now to proceed with the  
17 presentation.

18 **MARK B. BONSALL [Santee Cooper]:** Thank you,  
19 Commissioner Belser. Can you hear me all right?

20 **VICE CHAIR BELSER:** Is that on? You may want  
21 to pull that microphone a little closer.

22 **MARK B. BONSALL [Santee Cooper]:** [Indicating.]  
23 Can you hear me now?

24 **VICE CHAIR BELSER:** Yes, sir.

25 **MARK B. BONSALL [Santee Cooper]:** Okay, thank

1           you. Well, we're happy to have the opportunity to  
2           be here, frankly, so we appreciate being  
3           recognized.

4           I do have a number of folks with me today, and  
5           I'm trying to see – [indicating].

6           **VICE CHAIR BELSER:** Just a second.

7                       [Reference: Presentation Slides 1-2]

8           **MARK B. BONSALE [Santee Cooper]:** In addition  
9           to myself, I have Mike Poston to my left, who's our  
10          Chief Customer Officer; Charlie Duckworth is the  
11          head of Resource Planning; and to his left, Shawan  
12          Gillians, who's the head of our law department.  
13          And in the audience, as well, we have Steve  
14          Pelcher, an attorney in our – Deputy General  
15          Counsel and an attorney in our law department, as  
16          well as Pamela Williams, who is our General  
17          Counsel.

18          And this is the agenda for today, and we hope  
19          we complied to your satisfaction. I'm going to  
20          start with –

21                      [Reference: Presentation Slides 3-4]

22           – our governance of Santee Cooper. Santee  
23          Cooper, at this point, has a 14-member Board of  
24          Directors; there's 12 regular members. You see the  
25          representation listed there. They're four-year

1 terms; there's a three year<sup>[sic]</sup> term limit at this  
2 point. You see the nomination and the screening  
3 process, and there are experience and diversity  
4 standards within Act 90, as well.

5 Act 90 added two additional non-voting ex  
6 officio board members. I'll show you their photos  
7 in just a second. They represent Central – the co-  
8 op organization. Two of them there: Rob  
9 Hochstetler and Rob Ardis. Rob Hochstetler is, in  
10 fact, the CEO of Central and Rob Ardis is the CEO  
11 of Santee Electric Co-op.

12 All of the members, as they conduct their  
13 board duties, must meet the best-interests test  
14 that is summarized at the bottom of that page.

15 [Reference: Presentation Slide 5]

16 And here are their photos. We have a new  
17 Chairman: Peter McCoy. I'm sure you read about  
18 his appointment and the process leading up to that,  
19 in the paper. We're pleased to have him very much,  
20 on board. Prior to his appointment as Chair of the  
21 Board of Santee Cooper, that position was filled on  
22 an interim basis by the individual directly to his  
23 right, Dan Ray, who's, in fact, the First Vice  
24 Chair. The Second Vice Chair is to Dan's right,  
25 Dave Singleton. So Dan Ray acted as Interim Chair



1 for a good period of time prior to Peter's  
2 appointment as – permanent appointment as Chair.  
3 And in the lower right-hand corner of this sequence  
4 of photos, you see the two ex officio members, Rob  
5 Hochstetler and Rob Ardis.

6 The rest of the members' photos are there.  
7 They are either a representative of a county – for  
8 instance, Dave Singleton is the Horry County  
9 representative – or a congressional district, as  
10 set forth in the statute. We do have one empty.

11 [Reference: Presentation Slide 6]

12 [Indicating.] I'm not sure I'm aiming this  
13 thing correctly. And this is the senior management  
14 team. These are the folks that report directly to  
15 me, as the CEO. Charlie is on the left. Ken Lott  
16 is our Chief Financial Officer. To his right, Pam  
17 Williams is our General Counsel. To his right,  
18 Tommy Curtis, who's the Chief Generation Officer.  
19 To her right, Mike Poston, as I mentioned, who's  
20 our Chief Customer Officer. And Monique  
21 Washington, who's the Chief Audit Executive and is  
22 taking on new duties, as I will talk about in a  
23 minute or two, to be the Chief Compliance Officer  
24 for assurance of – in regard to Act 90, as well.  
25 Monique does report – has a dual reporting

1 relationship; as Chief Audit Executive, she reports  
2 directly to the head of the Audit Committee of the  
3 Board, but has a dashed-line relationship to me, as  
4 well.

5 You will note that most all of these folks  
6 have a lengthy history with – service history with  
7 Santee Cooper, and the two newbies are myself and  
8 Charlie. And the caption is over 40 years of  
9 utility experience, but only two to two and a half  
10 of which has been with Santee Cooper. We joined  
11 Santee Cooper just a little bit over two years ago.  
12 But prior to that, we worked together for a good  
13 long period of time, for 40 years, at Salt River  
14 Project in Phoenix, Arizona.

15 [Reference: Presentation Slide 7]

16 There's two structures of oversight that's new  
17 to Santee Cooper under Act 90 and then I'll talk a  
18 little bit about some of the internal mechanisms  
19 that have been put in place at Santee Cooper, as  
20 well.

21 The Act 90 provisions are listed here. You're  
22 generally familiar, I'm sure. The Joint Bond  
23 Review Committee, certain debt and real property  
24 transactions, we have been active in working with  
25 the Bond Review Committee recently.

1           The Agency Head Salary Commission approves my  
2           compensation. There are annual reports that are  
3           required to PURC under Act 90, on our transition  
4           from coal. Charlie will speak a little bit about  
5           that a little bit later.

6           Any and all legislative review requests.  
7           We're responsible for responding to you all,  
8           obviously, and the Office of Regulatory Staff. And  
9           we will get into the detail of those obligations a  
10          little bit later – Shawan will.

11                   [Reference: Presentation Slide 8]

12          Internally, as I mentioned, Monique Washington  
13          is our Chief Audit Executive, and so we've created  
14          a structure, given the complexity of Act 90 – a  
15          structure internally, reporting to Monique, of all  
16          of the subject matter experts within Santee Cooper  
17          that play a role in compliance with all of the  
18          provisions of Act 90. She will be the oversight  
19          for compliance within Act 90. And, again, she has  
20          a direct reporting relationship to the Board.

21          Additionally, the Board engaged Black & Veatch  
22          for their purposes, to do studies as they deem  
23          necessary. Black & Veatch was the external  
24          engineering consultant the Department of  
25          Administration hired as we were going through Act

1           95. They're a very well-known firm. I'm sure  
2           you've heard of them. And management does use them  
3           periodically for specific studies, as well, but  
4           independently the Board has engaged Black & Veatch  
5           to be a consultant to them as an additional layer  
6           and capability of oversight of the operation of  
7           Santee Cooper.

8           The Board also authorized the creation of a  
9           Stakeholder Committee to gather external input from  
10          a number of constituencies, which you see listed  
11          there, on a regular basis. The intention is the  
12          Stakeholder Committee would meet probably three  
13          times a year. We are in the process of populating  
14          the Stakeholder Committee, but the intent and  
15          purpose, very specifically, is outreach to all the  
16          stakeholders that have an interest in the operation  
17          of Santee Cooper. And you see them listed there:  
18          residential customers, commercial customers,  
19          industrial, a significant utility background, the  
20          Secretary of Commerce or his nominee, the Director  
21          of the Department of Natural Resources or that  
22          nominee.

23          Taken together, I think the provisions of Act  
24          90, as well as these steps that have been taken  
25          internally at Santee Cooper, do, in fact,

1           constitute a robust and substantive construct of  
2           oversight, transparency, and accountability, which  
3           is exactly what we wanted to accomplish. We'll  
4           talk a little more about that as the presentation  
5           goes on.

6           I can pause now, if anybody has any questions  
7           of me, or we can proceed with the rest of the  
8           presentation, at your volition.

9           **VICE CHAIR BELSER:** I think if y'all would –

10          **COMMISSIONER ERVIN<sup>[A/V]</sup>:** Vice Chair?

11          **VICE CHAIR BELSER:** Commissioner Ervin?

12          **COMMISSIONER ERVIN<sup>[A/V]</sup>:** Thank you.

13           I'm pleased to hear that you already have a  
14           stakeholder process in development. And one of the  
15           items that we'd like to share with you and your  
16           executive team are some minutes from a couple of  
17           shareholder<sub>[sic]</sub> meetings. And I have asked Staff to  
18           make a copy for the Office of Regulatory Staff, for  
19           their file, and also to give our court reporter a  
20           copy, so we'll have full transparency. But these  
21           are just two examples of recent stakeholder  
22           processes that have taken place prior to Commission  
23           hearings. And that process does serve the parties  
24           well, and I think that you might find it  
25           interesting information to kind of review at your

1           leisure, if you'd like to take one of the notebooks  
2           back with you. Our Clerk will hand them out and,  
3           hopefully, they will provide kind of a roadmap as  
4           to how other investor-owned utilities have  
5           utilized – successfully utilized – the stakeholder  
6           process.

7           The Commission has found it to be a very  
8           helpful process. Many times when the parties and  
9           intervenors get together, they can resolve issues  
10          even prior to a hearing.

11          So thank you for mentioning that you've got  
12          that process in place, and we appreciate that.

13          And Madam Clerk, if you will, at some  
14          appropriate time, hand out those minutes from the  
15          stakeholder process to the parties, I would  
16          appreciate it. Thank you.

17          **VICE CHAIR BELSER:** Mr. Bonsall, if you and  
18          your team would like to go ahead and go through  
19          your presentation, that would be appreciated.  
20          Thank you.

21          **MARK B. BONSALE [Santee Cooper]:** Okay. Thank  
22          you, very much. And we do appreciate this input,  
23          and we will take a copy and review it [indicating].

24          Let me introduce Mike Poston, who's our Chief  
25          Customer Officer, and he will take the next section

1 of the presentation.

2 **VICE CHAIR BELSER:** Welcome, Mr. Poston.

3 **MR. POSTON [Santee Cooper]:** Thank you.

4 Thank you, Mark.

5 Good morning, and thank you for the  
6 opportunity to share with you an overview of Santee  
7 Cooper's operations. I'll begin with providing  
8 background information on our customer mix and  
9 revenues.

10 **VICE CHAIR BELSER:** Mr. Poston, could I ask  
11 you to pull your mic just a little bit closer to  
12 you?

13 **MR. POSTON [Santee Cooper]:** Sure  
14 [indicating].

15 **VICE CHAIR BELSER:** I want to make sure that  
16 we pick up everything. Thank you, sir.

17 **MR. POSTON [Santee Cooper]:** Okay.

18 [Reference: Presentation Slides 9-10]

19 Santee Cooper provides power directly and  
20 indirectly to approximately 2 million South  
21 Carolinians. Santee Cooper's 2020 customer revenue  
22 was derived by 64 percent from the wholesale  
23 customer class, 24 percent from retail, and 12  
24 percent from large industrial.

25 We further break down, and the 64 percent

1           wholesale revenue shows that 60 percent of the – 60  
2           of the 64 percent came from Central Electric  
3           Cooperative, Santee Cooper's largest customer.  
4           Central is a generation and transmission  
5           cooperative that provides wholesale electric  
6           service to each of the 20 distribution cooperatives  
7           in the State. The other 4 percent of wholesale  
8           revenue was from sales to the Cities of Georgetown,  
9           Bamberg, Waynesville, North Carolina, Seneca,  
10          Piedmont Municipal Power Agency, and the Alabama  
11          Municipal Electric Authority.

12           Santee Cooper's retail customers provided 24  
13          percent of the 2020 revenue, and we have  
14          approximately 194,000 residential, commercial, and  
15          small industrial customers in Horry, Georgetown,  
16          and Berkeley Counties.

17           Sales to Santee Cooper's large industrial  
18          customers provided the remaining 12 percent of the  
19          2020 revenues, and Santee Cooper provides service  
20          to 27 large industrial and military customers that  
21          have contract terms with minimum demand charges and  
22          extended notice requirements that mitigate  
23          termination risk.

24                           [Reference: Presentation Slide 11]

25                           This slide shows Santee Cooper's historical



1 energy sales for the period from 2015 to 2020. As  
2 you can see, the transition of a portion of  
3 Central's load that we term the Saluda load, along  
4 with Century Aluminum's production and load  
5 reduction impacted Santee Cooper's overall sales  
6 during that period. And the Saluda transition was  
7 completed by 2019.

8 Sales to our wholesale and retail customer  
9 segments are largely weather dependent, so we have  
10 included annual degree days on these graphs, as  
11 well, to show that correlation.

12 Customer growth across our system is largely  
13 offsetting the impacts of our conservation programs  
14 and milder weather.

15 [Reference: Presentation Slide 12]

16 In regards to power supply, Santee Cooper  
17 plans for firm power supply from our own generation  
18 capacity and firm purchased power to equal our firm  
19 load. Our 2020 capacity of 5338 megawatts  
20 consisted of 62 percent from coal units, 23 percent  
21 from natural gas and oil, 6 percent from nuclear, 6  
22 percent from purchases, and 3 percent from hydro  
23 and renewables.

24 Our fuel mix providing the 23,201 gigawatt-  
25 hours of energy was more diverse. We have 37

percent coming from coal, 24 percent from natural gas and oil, 22 percent from purchases, and 11 percent from nuclear, and hydro and renewables making up the remaining 6 percent.

This slide also includes the base-load availability of our coal, nuclear, and gas fleets. And in 2020, Santee Cooper's base-load units all had availability factors over 90 percent.

[Reference: Presentation Slide 13]

The next two slides will provide greater detail on our larger generation units. Cross Generation Station is located in Pineville and has four coal units, with a capacity of 2370 megawatts, and provided 26.9 percent of our 2020 energy. Cross is Santee Cooper's largest generation station.

The Rainey Generating Station, up in Iva, South Carolina, is a natural-gas-fired station with capacity of 977 megawatts and provided 23.6 percent of Santee Cooper's 2020 energy needs.

Santee Cooper owns a one-third share of Summer Nuclear Unit 1, in partnership with Dominion, and this unit is located in Jenkinsville, and our share of the Unit 1 capacity is 322 megawatts. And Summer provided 11.1 percent of our energy needs in

2020.

[Reference: Presentation Slide 14]

The Winyah Generating Station is located in Georgetown and is our oldest coal station. Four coal units there have a combined capacity of 1129 megawatts and provided almost 10 percent of the energy in 2020.

Santee Cooper's oldest generation station is the Jeffries Hydro Station that was placed in service in 1942. Five units there have a combined capacity of 140 megawatts and provided just over 1 percent of the 2020 energy requirements.

[Reference: Presentation Slide 15]

Santee Cooper has incorporated a variety of renewable power generating units across the State that provided 2.6 percent of the Santee Cooper energy requirements in 2020. And these include 28 solar schools and larger-scale solar installations at Chesterfield, Myrtle Beach, Bucksville, Orangeburg, Colleton, Aiken, and Bluffton. We have woody biomass generation with a capacity of 74 megawatts. We have landfill generation at six locations, with combined capacity of 28 megawatts. And we also have a small wind turbine up in North Myrtle Beach.

[Reference: Presentation Slide 16]

In regards to new utility-scale solar, in 2020, in conjunction with Central Electric Cooperatives, Santee Cooper commenced a competitive procurement process for utility-scale solar. The target was 500 megawatts, but the responses to this RFP process totaled 3625 megawatts of solar capacity from 21 respondents, with 58 proposed projects, and they ranged from 8 megawatts up to 150 megawatts.

In the end, Central and Santee Cooper acquired 425 megawatts of solar power that are scheduled to be on-line by the end of 2023. These are fixed-price arrangements where we pay only for the output energy received; the solar developers are responsible for the cost to construct the solar installations.

[Reference: Presentation Slide 17]

I will now transition from power supply to our transmission system.

Santee Cooper operates an integrated transmission system, which includes lines owned by Santee Cooper and Central, and they are all maintained by Santee Cooper. This transmission system includes 5245 miles of transmission lines

1 and 91 substations that are located across the  
2 State. These facilities are largely operated at  
3 voltages of 230, 115, and 69 kV, and these  
4 transmission facilities provide service to 414  
5 Central Electric Cooperative delivery points and 94  
6 Santee Cooper delivery points.

7 Santee Cooper operates a very reliable  
8 transmission system, and in 2020 we reported an  
9 ASAI – or Average Substation Availability Index –  
10 of 99.9981 percent, which translates to the average  
11 delivery point being without power for less than  
12 ten minutes for the entire year. Also, we plan to  
13 utilize this transmission infrastructure to  
14 facilitate broadband access across the State, with  
15 the emphasis on unserved and underserved areas.

16 [Reference: Presentation Slide 18]

17 Santee Cooper also operates a distribution  
18 system that is comprised of 3031 miles of line and  
19 59 substations that serve our retail customers in  
20 Horry, Georgetown, and Berkeley Counties. We  
21 also – our distribution system is also operated at  
22 a high level of reliability, and in 2020 we  
23 reported a System Average Interruption Duration  
24 Index of 23.9 minutes, and this equates to the  
25 average Santee Cooper customer being without power

1 for 23.9 minutes for the entire year. And per  
2 information that we gathered from the US Energy  
3 Information Administration from utilities, this  
4 placed Santee Cooper in the top 2 percent  
5 nationally, when compared to other utilities.

6 [Reference: Presentation Slide 19]

7 Now I'll switch from the electric system over  
8 to the water system.

9 Santee Cooper operates two water treatment  
10 facilities and associated transmission lines, and  
11 provides potable water at wholesale on a cost-of-  
12 service basis to the Lake Moultrie Water Agency and  
13 the Lake Marion Water Agency. Both are joint  
14 regional water systems.

15 The Lake Moultrie Agency provides water to  
16 four customers: Berkeley County, Goose Creek,  
17 Moncks Corner, and Summerville. The Lake Marion  
18 Agency has five customers: Berkeley, Calhoun,  
19 Dorchester, and Orangeburg Counties, and the Town  
20 of Santee.

21 In total, more than 200,000 customers  
22 ultimately receive water from Santee Cooper's  
23 facility.

24 And Santee Cooper's electric and water systems  
25 are separate business units, and neither may

1 subsidize the other. The water systems are not  
2 subject to Commission jurisdiction under Act 90.

3 [Reference: Presentation Slide 20]

4 Santee Cooper's enabling statute requires our  
5 Board of Directors to consider economic development  
6 as part of its duties. We work with many economic  
7 development partners, most notably The Electric  
8 Cooperatives and the South Carolina Power Team, to  
9 bring jobs and capital investment to South  
10 Carolina. Together with the cooperatives, we have  
11 helped bring more than \$15.3 billion in investment  
12 and more than 83,000 new jobs to South Carolina  
13 since 1998 – 1988. Excuse me. Notable examples of  
14 this include Volvo, Google, Nucor, Samsung, and  
15 Century Aluminum.

16 We and the cooperatives also provide grants  
17 and loans for industrial site development and are  
18 currently developing the Camp Hall Commerce Park  
19 adjacent to Volvo's manufacturing facility. And  
20 you know, of course, keeping our rates competitive  
21 and service reliable are key significant economic  
22 development tools.

23 [Reference: Presentation Slide 21]

24 Santee Cooper takes its responsibility for  
25 environmental stewardship seriously. This slide

shows a few examples of our efforts.

We are beneficially reusing coal ash and gypsum – these are byproducts from our coal generating stations – to the greatest extent possible. We also have our Give Oil For Economic Recovery, or GOFER, Program, and it collects used motor oil from around the State for beneficial use elsewhere, also.

And we are restoring wetlands at our retired Grainger Generating Station in Conway and at the Camp Hall Commerce Park that I just previously mentioned as part of the economic development slide.

We have also introduced pollinator-friendly landscaping at Camp Hall, and also at our Jamison Solar Farm and many of our transmission rights-of-way, as well.

And now I will turn it over to Charlie Duckworth, and he will give an overview of resource planning.

**MR. DUCKWORTH [Santee Cooper]:** Good morning. Can y'all hear me all right?

**VICE CHAIR BELSER:** I would pull that a little closer. And welcome, Mr. Duckworth.

**MR. DUCKWORTH [Santee Cooper]:** [Indicating.]



1 Thank you. I appreciate it. Thank you for the  
2 opportunity to share with you about Santee Cooper's  
3 2020 integrated resource plan.

4 [Reference: Presentation Slide 22]

5 I'll start by outlining the directional  
6 changes in our plan, and these were a result of a  
7 resource planning process we conducted jointly with  
8 Central. This work was the basis for our IRP  
9 filing with the ORS at the end of 2020. This slide  
10 outlines the key elements of our 2020 IRP.

11 These directions were built on three  
12 foundational elements, which are important to the  
13 development of a sound IRP. First is taking a  
14 broad view about the future market conditions, such  
15 as fuel prices and customer loads – many others, as  
16 well, but those are key examples. Second is  
17 considering the consideration of cost-effective  
18 options for both new and existing resources. And  
19 the third is evaluating – the evaluation of  
20 resource portfolios against a sound set of resource  
21 planning principles.

22 Santee Cooper's Board-adopted resource  
23 planning principles include the following: First,  
24 ensuring reliability. Reliability is the number  
25 one product of any electric utility. Second,

1 customer focus. Third, cost management. Fourth,  
2 environmental stewardship. Fifth is taking a long-  
3 term view, working to ensure flexibility and  
4 optionality over a wide range of possible future  
5 conditions. Six, reducing financial and planning  
6 risks, adding resources in increments that closely  
7 match resources to needs, and seeking a low  
8 capital – lower capital program. Seventh,  
9 embracing innovation and transparency.

10 These principles drove or were the metrics  
11 that we used in developing the IRP. Our goal is to  
12 create a diverse and reliable portfolio of  
13 resources that incorporate innovative technologies,  
14 improve operating efficiency, reduce environmental  
15 impacts, and result in lower costs.

16 The first foundational direction that you see  
17 on this slide, of our 2020 IRP, is a delivered,  
18 meaningful reduction in coal. It's a clear right  
19 step that will reduce emissions, will reduce costs,  
20 and will improve flexibility. The 1129 megawatt  
21 Winyah Coal Station will be retired by 2028, and  
22 additional coal retirements are possible in the  
23 2030s.

24 Second, we are working with Central, as Mr.  
25 Poston just mentioned, to substantially increase

1           our sustainable resources. As a result of our  
2           joint 2020 RFP, we have plans to add 425 megawatts  
3           of new solar to the system, and we will add in  
4           another 1000 megawatts through competitive  
5           procurement processes as prescribed in Act 90.

6           A third direction is to incorporate advanced  
7           technology. We plan to phase in 200 megawatts of  
8           battery storage, as prices continue to decline. We  
9           have completed AMI meter installation and are on  
10          track to begin rollout of new customer programs  
11          late this year. And we have established an  
12          electric vehicle task force.

13          Another direction of our current plan is the  
14          addition of natural gas generation after Winyah is  
15          retired. Natural gas is an important part of an  
16          all-of-the-above strategy because it provides  
17          critical power-system support as coal is retired  
18          and provides the resource flexibility needed to  
19          reliably integrate more renewables into our plan.  
20          Under a wide range of future assumptions, adding  
21          natural gas is the low-cost alternative to fill  
22          this need in our resource plan.

23          Finally, our plan includes conservation and  
24          demand response. Our latest demand-response  
25          program utilizes advanced switch technology managed

1 by a distribution energy resource management  
2 system.

3 [Reference: Presentation Slide 23]

4 Comparing the projected sources of energy by  
5 type under different resource plans is a good way  
6 to see the implications of changes in resource  
7 direction. These two disks compare projections of  
8 the sources of energy to serve customers in the  
9 early 2030s under Santee Cooper's old resource  
10 plan, the left disk, with the sources under the  
11 2020 IRP, the right disk.

12 Under the old plan, energy would have been  
13 predominantly from two sources: Half from coal and  
14 about one-third from natural gas. Under the 2020  
15 plan, working together with Central, we will have  
16 added another important source: 20 percent from  
17 sustainable resources, the green portion. We will  
18 have also balanced more evenly the other sources:  
19 Coal drops to 20 percent; 30 percent would come  
20 from natural gas, and 20 percent from purchases.  
21 The result is a lower projected – the result is  
22 lower projected cost and 55 percent lower carbon  
23 emissions.

24 The increased diversity of energy sources  
25 makes the 2020 plan much more flexible. It's able

1 to adapt to changes in future conditions, which is  
2 one of our key resource planning principles. While  
3 the specific size of the slices will change as we  
4 develop updated plans, the improved energy  
5 diversity, decreased coal, increased sustainable  
6 resources, and improved emissions will not change.

7 That concludes the resource planning briefing  
8 portion of this, and I'll turn it back to our CEO.

9 **MARK B. BONSALL [Santee Cooper]:** Thank you,  
10 Charlie.

11 **VICE CHAIR BELSER:** Is that — Mr. Bonsall, is  
12 that microphone on?

13 **MARK B. BONSALL [Santee Cooper]:** [Indicating.]

14 **VICE CHAIR BELSER:** Now it is.

15 **MARK B. BONSALL [Santee Cooper]:** Now it is.  
16 Thank you.

17 Now, to speak to the financial section, our  
18 Chief Financial Officer, Ken Lott, had simply an  
19 irreconcilable conflict, so I apologize for his  
20 absence, but I will act in his stead in presenting  
21 the basic financial information.

22 [Reference: Presentation Slides 24-25]

23 And there are three major types, as you  
24 doubtless know, of utilities: Investor-owned, or  
25 private; publicly owned utilities, such as Santee

1 Cooper and my former employer, Salt River Project  
2 in Arizona; and then cooperative utilities.

3 They're all structured a little different; the  
4 ownership structure is a little different. We are  
5 in the middle category, publicly owned, so for all  
6 intents and purposes, to the State of South  
7 Carolina and its citizens, we are a political  
8 subdivision of the State of South Carolina.

9 Each one of those categories runs to somewhat  
10 different financial rhythms, and I do want to  
11 illustrate the basic financial rhythm applicable to  
12 all public power entities, such as Santee Cooper.  
13 It's very much more akin to household finance.  
14 It's a cash-flow basis. The principal financial  
15 metric that almost all public power entities are  
16 measured on – principal one, not the exclusive one  
17 but the main one – is called debt service coverage,  
18 and it's basically the number of times that you can  
19 cover your principal and interest payment after you  
20 have paid for your operating expenses. And that's  
21 what is illustrated on this kind of sequence of  
22 operating activities: Revenues in the door; cash  
23 operating expenses, labor, materials, supply, fuel,  
24 et cetera; and the net of that is your cash  
25 operating margin and that's what you use to pay

1           your principal and interest on your debt.

2           Now the debt of a public power entity, such as  
3           Santee Cooper, is generally structured similar to –  
4           not identical to, but similar to – an individual's  
5           household mortgage. So principal tends to go up  
6           and interest goes down over the course of time, as  
7           old principal is paid off. So the structure of the  
8           capitalization is similar to – it's not identical,  
9           again, but it's similar to – an individual's  
10          mortgage. And technically, of course, there's not  
11          a mortgage on the assets of an entity such as  
12          Santee Cooper, but it does have principal and  
13          interest payments that look like, very much, a  
14          mortgage payment for an individual.

15          So the net cash operating margin is – the  
16          number of times that the net cash operating margin  
17          will cover the principal and interest due, for a  
18          Santee Cooper, is the debt-service-coverage  
19          measure. And I'll show to you the numbers in just  
20          a second. But the number of times you can cover  
21          your P&I payments, again, it's the number one, it's  
22          the most important financial measure applicable to  
23          entities like Santee Cooper. After you've paid  
24          your principal and interest, you have internally  
25          generated cash left over, just like you would in

1           your own household. That's your savings. Your  
2           savings can be the down payment on asset  
3           acquisition, subsequently. That's the lower right-  
4           hand corner. Internally generated cash, in effect,  
5           is the down payment on the capital expenditures  
6           that Santee Cooper must make to maintain and expand  
7           the system.

8           Overall it's important to note that internally  
9           generated cash doesn't have any place to go other  
10          than reinvested in the system. There's no stock,  
11          there's no dividend, there's no – as I like to call  
12          it – hole in the bottom of the bucket. It all  
13          stays in the system. It's simply reinvested in the  
14          system, coupled with new debt principal. If you  
15          have capital expenditures that are in excess of  
16          your internally generated funds, you do lever that;  
17          you borrow some more money, and you fund your  
18          capital improvements.

19          What's very important in this equation to take  
20          a look at and understand is, if the new debt that  
21          you're selling to finance new assets – upgrades to  
22          transmission lines, new substations, new generating  
23          equipment, stuff that you'll use over the next 30  
24          or 40 years – if the new debt principal that you're  
25          incurring is less than the amount of old debt that



1           you're paying off in the middle tranche here, your  
2           regularly scheduled mortgage payment, then in  
3           aggregate that goes down. And that's what you have  
4           been seeing at Santee Cooper is debt is declining  
5           as we pay off more old debt and don't incur as much  
6           new debt. So that is – that's an objective of  
7           ours, has been to reduce debt, and you will see  
8           that in our financial statistics in the next slide  
9           or next couple of slides.

10           In the background here, at Santee Cooper, when  
11           Charlie and I joined, obviously the prospect of  
12           potentially selling Santee Cooper was in place and  
13           there were a number of pieces of major litigation  
14           that needed to be resolved.

15                       [Reference: Presentation Slide 26]

16           And as a result of the combination of all of  
17           that, all the major rating agencies had a negative  
18           outlook on Santee Cooper's credit rating. With the  
19           settlement of all of the major litigation – the  
20           Cook settlement being the largest of it – and the  
21           passage of Act 90, those negative prospects are  
22           gone and, as a result, each of the major rating  
23           agencies – Moody's, Fitch, and S&P – as you see on  
24           this chart, have changed the outlook for Santee  
25           Cooper from "negative," a negative credit watch, to

1           “stable,” as you see in the third column. All  
2           three of them were “negative”; all three of them  
3           are now “stable.” So the credit standing of Santee  
4           Cooper has, in fact, been solidified, stabilized,  
5           as a result of the last two or three years.

6           There’s some highlights and challenges  
7           mentioned there. It’s in A-rated entity, which is  
8           a good solid level, clearly within most investors’  
9           standards for investing, and now it has a stable  
10          outlook which helps us to capitalize or  
11          recapitalize or refinance the institution, going  
12          forward.

13                       [Reference: Presentation Slide 27]

14          These are some of the financial metrics. The  
15          most important one, in my opinion, is the debt  
16          service coverage; that’s in the upper left-hand  
17          corner. Basically, this says the number of times,  
18          again, that Santee Cooper could pay its principal  
19          and interest payments out of monies available  
20          therefor, after the payment of its operating  
21          expenses.

22          There’s a bit of a dip in the middle. 2019 is  
23          listed twice. Let me explain that to you. The  
24          Cook settlement, as you may know, was a very  
25          complex one, but Santee Cooper played its role,

1 obviously, and agreed to return \$200 million to  
2 customers. That .87 reflects booking the entirety  
3 of that \$200 million expense to that year, to 2019.  
4 We took it to the bottom line in 2019; we  
5 recognized all of it in 2019. We wanted to get  
6 past it, and so we just took it to the bottom line.  
7 It's not going to come back.

8 The cash flows in different years, we paid the  
9 first of the three installment payments. Last year  
10 we've just paid the second one, and we have one  
11 more to go. But we booked it – we took it to the  
12 bottom line, so to speak – in 2019. That's why  
13 there are two numbers there. The 1.32 is before  
14 the \$200 million; the .87 is after the \$200 million  
15 expense recognition.

16 And so we're in the neighborhood of about 1.30  
17 to 1.40 times. It's, you know, solid numbers.

18 The liquidity on the right is composed of two  
19 pieces. The bottom piece, the lighter color, is  
20 cash on hand. That is our pure liquidity that is  
21 available for any valid corporate purpose. That's  
22 the amount of days of cash we have on hand; that  
23 has been a pretty stout number. In addition  
24 thereto, we have credit facilities with banks that  
25 are standby credit facilities, lines of credit, et

1           cetera, available to us. The darker portion on the  
2           top of the bar there is the number of days of  
3           liquidity we have access to. That's the amount of  
4           credit that we have, not utilized. We have  
5           available, but we have not, in fact, borrowed it.

6           We keep a fair amount of days' liquidity and  
7           cash on hand, just as a general matter, because  
8           it's the utility business and it's a heavy cash –  
9           heavy cap. backs heavy cash outflow – business, and  
10          the debt service coverage as a financial factor is  
11          good, but not super-robust, and the liquidity  
12          statistics are better than average. So, all told,  
13          when you put that together, we end up with a nice  
14          stable A-rated credit.

15          On the bottom of this chart, you see the debt-  
16          to-total-capitalization ratio. And while, for all  
17          intents and purposes, the most important financial  
18          measure is debt service coverage, which is a cash-  
19          flow measure, we do keep financial statements  
20          according to GASB, GAAP – GASB, the Governmental  
21          Accounting Standards for accounting organization.  
22          And we are able to compute, thus, given our balance  
23          sheet, the debt-to-total-capitalization ratio. And  
24          you can see it historically; today, it stands at  
25          about 75 percent. It had peaked in 1985 at about

1           84 percent, and it goes – it goes down and up, more  
2           or less as capital expenditures are going to go up  
3           and down, offsetting. So we're not in  
4           unprecedented levels; for a public power entity,  
5           it's a reasonable number, debt-to-capitalization.  
6           On the private side of the coin, IOUs you would  
7           probably see as at lower levels than this, but as  
8           we do not have stock, we don't have access to the  
9           equity markets, our debt-to-total-capitalization in  
10          the public power sector tends to be a little  
11          higher, and that is the case with Santee Cooper.

12                       [Reference: Presentation Slide 28]

13           For a bill comparison – and I hasten to add  
14           that this is for Santee Cooper's direct-serve  
15           customers, average residential. We direct-serve  
16           Myrtle Beach and in the Horry County area, and some  
17           in Berkeley County, as well. We obviously provide  
18           bulk power to the co-ops at the G&T level; they  
19           then distribute it, so their total bill needs to  
20           pick up their distribution investment. This is  
21           only our direct-serve customers, but they compare  
22           reasonably favorably, and you see the comparison  
23           basis in the footnote below; we're in the  
24           neighborhood of \$10-\$11 lower for a 1000 kilowatt-  
25           hour average residential customer bill, so...

[Reference: Presentation Slide 29]

This is a look at our capital budget. This was the 2021 Management Budget Presentation to our Board of Directors on December 7th of last year, and it gives you a snapshot of '21, '22, and '23, the capital budget for Santee Cooper. And, again, as an electrical system grows, as old equipment wears out and needs to be replaced, there are new capital expenditure needs, and that's an ongoing reality for an operating utility. And this gives you kind of a breakdown of the types of capital expenditures that we have at Santee Cooper, and they're spread between generation, transmission, environmental issues, metering, et cetera, et cetera. All of the basic nuts and bolts that a utility needs to maintain reliability and continue to operate.

The numbers on the bottom are the total capital expenditure. We don't generate those kind of numbers internally. We may generate in the neighborhood of 40 to 50 percent of that, internally. Given that other chart that I showed you before, we need to borrow for the rest of that and spread the repayment of the debt that finances this equipment over its used life, so that the

1 people who are, in fact, using it are paying the  
2 cost of the equipment that's needed to serve them  
3 over the course of time.

4 These are indicative numbers; it's in the  
5 neighborhood of \$300 million a year, plus or minus;  
6 it can go up or down a little bit.

7 And with that, that gives you a basic snapshot  
8 of the fundamental financial rhythms of Santee  
9 Cooper, and at this point I'm going to turn it over  
10 to Shawan, who will talk a little bit more about  
11 Act 90.

12 **MS. GILLIANS [Santee Cooper]:** Thank you,  
13 Mark.

14 Good morning, Commissioners. Can you hear me  
15 okay?

16 **VICE CHAIR BELSER:** Can you –

17 **MS. GILLIANS [Santee Cooper]:** Closer?

18 **VICE CHAIR BELSER:** Yes, ma'am. Thank you.

19 **MS. GILLIANS [Santee Cooper]:** Certainly.  
20 Better now?

21 **VICE CHAIR BELSER:** Yes, thank you.

22 **MS. GILLIANS [Santee Cooper]:** All right. As  
23 Mr. Bonsall noted, my name is Shawan Gillians. I  
24 have the pleasure of serving as the Director of  
25 Legal Services and Corporate Secretary for Santee

1 Cooper. And in that capacity, I want to spend a  
2 little bit of time talking to you about the duties  
3 assigned to the Commission under Act 90.

4 As you might anticipate, there's detail and  
5 nuance, both anticipated and unanticipated, and we  
6 have not attempted to provide that to you this  
7 morning, but we are pleased for the opportunity to  
8 have a high-level walk-through of the assignments,  
9 responsibilities, to the Commission.

10 [Reference: Presentation Slides 30-31]

11 So, there are six high-level duties of review  
12 and approval assigned to the Commission: The  
13 construction of a major utility facility by Santee  
14 Cooper; the acquisition of a major utility facility  
15 by Santee Cooper; the purchase of power, entering  
16 into contracts, what we would call PPAs, with a  
17 term greater than ten years in length; Santee  
18 Cooper's triennial integrated resource plan; the  
19 competitive procurement process for renewable  
20 generation; and service territory changes that  
21 might be considered.

22 [Reference: Presentation Slide 32]

23 To begin with, the definition of what is, in  
24 fact, a "major utility facility," in essence it is  
25 a facility, a generating plant and associated



1 facilities capable of operating at capacity more  
2 than 75 megawatts, so that's for your generation.  
3 And for transmission lines and associated  
4 facilities, those that have a designed operating  
5 voltage of 125 kV or more, not including  
6 distribution lines and associated facilities. So,  
7 in essence, generation greater than 75 megawatts  
8 and transmission facilities greater than 125 kV,  
9 with the exclusion of distribution facilities.

10 What the Commission is being asked under Act  
11 90 to review and approve is, in essence, Santee  
12 Cooper's application for a certificate of  
13 environmental compatibility and public convenience  
14 and necessity. We will come to the Commission with  
15 those requests and we must receive approval from  
16 the Commission prior to commencing with the  
17 construction of a major facility, as previously  
18 defined.

19 [Reference: Presentation Slide 33]

20 So, when we come to the Commission, what must  
21 we prove and what must the Commission find? That  
22 the facility we seek to construct constitutes a  
23 more cost-effective means for serving direct-serve  
24 and/or wholesale customers than other previously –  
25 than other feasibly available, long-term power-

1 supply alternatives and provides less ratepayer  
2 risk while maintaining safe and reliable electric  
3 service than other feasibly available, long-term  
4 power-supply alternatives. And I'll hearken to  
5 what Mr. Duckworth noted as, really, those  
6 hallmarks of utility service. Energy efficiency  
7 measures, DSM – or demand-side management –  
8 renewable energy, resource generation, available  
9 long-term power-supply alternatives, or any  
10 combination thereof would not establish or maintain  
11 a more cost-effective and reliable generation  
12 system. So, in effect, what we are bringing to you  
13 is the most effective, most efficient source of  
14 energy capacity for the Authority.

15 [Reference: Presentation Slide 34]

16 The Commission is also charged with the review  
17 and approval of project costs. We will file with  
18 the Commission an estimate of construction costs  
19 associated with the major utility facility we seek  
20 to construct, and no certificate will be granted by  
21 the Commission unless it has approved the estimated  
22 construction costs and made a finding that the  
23 construction will be consistent with Santee  
24 Cooper's Commission-approved plan of expansion in  
25 electric generating capacity.

[Reference: Presentation Slide 35]

So if we're not talking about constructing major utility facilities, then perhaps we're talking about the acquisition of major utility facilities, which also falls under the purview of the Commission. You see the statutory authority referenced there, and the high-level summary is that we're going to apply to the Commission before we enter into a contract to purchase an already constructed facility – major utility facility. There is a carveout for any transaction that might be subject to the exclusive jurisdiction of FERC – the Federal Energy Regulatory Commission. We have not laid out those exclusions here, but to the extent they exist, obviously, FERC would handle those matters.

What we must prove in coming to the Commission to seek to purchase an already constructed utility, major utility facility, is similar to what you might see in the previous slide with the construction by Santee Cooper, that it constitutes a more cost-effective means for serving direct-serve and wholesale customers than other feasibly available, long-term supply alternatives.

The Commission is required to find, for

1 approval, that we have – Santee Cooper has –  
2 satisfied all requirements of the statute and the  
3 proposed transaction is in the best interest of the  
4 retail and wholesale customers of the Authority.

5 [Reference: Presentation Slide 36]

6 So, moving away from major utility facilities,  
7 both constructed and acquired, and into purchased-  
8 power – power purchase agreements of greater than  
9 ten years, PPAs of greater than ten years, should  
10 Santee Cooper – should the Authority seek to enter  
11 into a contract of such sort, it must be approved  
12 by the Commission. And, again, with a carveout for  
13 any contracts that would otherwise be governed  
14 pursuant to the exclusive jurisdiction of FERC or  
15 any other federal agency. It also does not apply –  
16 this approval does not apply – to PPAs that are the  
17 result of a renewable-power competitive procurement  
18 process that's previously been approved by the  
19 Commission. And we'll talk about that process  
20 shortly.

21 The finding required by the Commission is that  
22 the proposed transaction is in the best interests  
23 of the retail and wholesale customers of Santee  
24 Cooper.

25 [Reference: Presentation Slide 37]

1           Finally, we will submit an integrated resource  
2           plan. And that plan will be developed in  
3           consultation with the electric cooperatives and  
4           municipally owned electric utilities purchasing  
5           power and energy from Santee Cooper. You saw the  
6           listing of those municipalities in Mr. Poston's  
7           portion of the presentation.

8           Our IRP also includes the effect of demand-  
9           side management activities of the co-ops, including  
10          Central, and those municipally owned electric  
11          utilities that directly purchase power and energy  
12          from Santee Cooper, or sell power and energy  
13          generated by Santee Cooper.

14          We file our proposed IRP with the Commission  
15          for the Commission's review and approval, since  
16          Santee Cooper's last pre-Act 90 IRP was filed with  
17          the South Carolina Energy Office on December 23,  
18          2020, as Mr. Duckworth referenced.

19                       [Reference: Presentation Slide 38]

20          Findings required by the Commission on Santee  
21          Cooper's triennial IRP is that the plan  
22          represents – we're back to that standard of "most  
23          reasonable" and, in this instance, prudent means of  
24          meeting Santee Cooper's energy and capacity needs  
25          as of the time the plan is reviewed – of course, no

1           one expects you to break out your crystal ball and  
2           look into the future – which determination shall  
3           consider whether the plan appropriately balances  
4           those factors enumerated by statute.

5           There's also statutorily set out a process,  
6           should you modify or reject our IRP. And within 60  
7           days after the date of a final order that modifies  
8           or rejects that IRP, we, Santee Cooper, shall  
9           submit a revised proposed IRP addressing those  
10          concerns identified by this Commission and  
11          incorporating Commission-mandated revisions to that  
12          IRP, for your review and, once again, consideration  
13          for approval.

14          We will also provide annual updates on an  
15          approved IRP. Upon review of the annual update and  
16          ORS's report on the reasonableness of the annual  
17          update, the Commission may accept the annual update  
18          or direct Santee Cooper to make changes to the  
19          annual update that the Commission determines to be  
20          in the public interest.

21                       [Reference: Presentation Slide 39]

22          And a few minutes ago, I mentioned the  
23          competitive procurement process for renewable  
24          generation and PPAs thereunder not being subject to  
25          Commission approval, of course, having already

1 approved that procurement process. So Santee  
2 Cooper will file for Commission approval of the  
3 competitive procurement process that meets all  
4 statutory requirements for the competitive  
5 procurement of energy, capacity, and environmental  
6 attributes from renewable energy facilities to meet  
7 the needs for new generation resources identified  
8 in our IRP or in other planning processes.

9 The Commission is tasked with considering and,  
10 if appropriate, approving a proposed procurement  
11 process that satisfies statutory requirements and  
12 is, again, in the best interests of the customers  
13 of Santee Cooper.

14 [Reference: Presentation Slide 40]

15 And finally we have service territory changes.  
16 I believe this is something with which you might be  
17 familiar. You see the statutory authority there.  
18 We know currently that the Commission may not  
19 assign any portion of the present service area of  
20 Santee Cooper to any electric utility or electric  
21 cooperative, and the service area that is served by  
22 Santee Cooper must be exclusively served by Santee  
23 Cooper unless otherwise agreed to.

24 Santee Cooper now, by Act 90, has the right to  
25 enter into agreements with other electric suppliers

1 concerning service areas and corridor rights.  
2 Should Santee Cooper enter into such an agreement –  
3 seek to enter into such an agreement, it will be  
4 subject to review and approval by this Commission.  
5 And if, after giving notice and an opportunity for  
6 hearing of interested parties, the Commission finds  
7 the agreements to be fair and reasonable, it may  
8 approve such agreements. The Commission shall not  
9 have the authority to alter or amend any such  
10 agreement unless all affected electric suppliers  
11 agree to that alteration or amendment.

12 With that, any questions for any of us?

13 [Reference: Presentation Slide 41]

14 **VICE CHAIR BELSER:** Thank you very much for  
15 the presentations.

16 Commissioners, any questions?

17 **COMMISSIONER C. WILLIAMS:** Madam Chair?

18 **VICE CHAIR BELSER:** Commissioner Williams?

19 **COMMISSIONER C. WILLIAMS:** Thank you.

20 Thank you very much for that presentation. I  
21 have two questions. One, I believe, is for Mr.  
22 Poston. And you just referenced a sale to the  
23 Alabama Municipal Electric Authority. Could you  
24 tell me more about that? You can imagine why I'm  
25 just curious.



1                   **MR. POSTON [Santee Cooper]:** I think that's a  
2                   sale for supplemental requirements –

3                   **VICE CHAIR BELSER:** Mr. Poston, could you use  
4                   a microphone, please? Thank you.

5                   **MS. GILLIANS [Santee Cooper]:** And, Mike, to  
6                   help Mr. Mustian out here, just remember, high-  
7                   level.

8                   **MR. POSTON [Santee Cooper]:** Okay.

9                   **COMMISSIONER C. WILLIAMS:** Thank you.

10                  **MR. POSTON [Santee Cooper]:** Thank you.

11                  **COMMISSIONER C. WILLIAMS:** Helped me out.

12                  **MR. POSTON [Santee Cooper]:** That is a  
13                  supplemental requirements sale in Alabama.

14                  **COMMISSIONER C. WILLIAMS:** Okay. And, Ms.  
15                  Gillians, you were talking about the IRP process  
16                  and where you were in the process with ORS. I may  
17                  have missed it. I'm guessing that was the  
18                  triennial application in December. What do you  
19                  anticipate from the annual update process with the  
20                  Public Service Commission? What will that timing  
21                  be?

22                  **MS. GILLIANS [Santee Cooper]:** That falls  
23                  under Mr. Duckworth for actual operations, so I'll  
24                  defer to him.

25                  **VICE CHAIR BELSER:** We need you to talk to the

1 microphone.

2 MS. GILLIANS [Santee Cooper]: Yes, thank –

3 VICE CHAIR BELSER: Use the –

4 MS. GILLIANS [Santee Cooper]: – you.

5 VICE CHAIR BELSER: – microphone.

6 MS. GILLIANS [Santee Cooper]: Thank you. I  
7 usually don't have to talk to microphones for  
8 people to hear me. I apologize. So, but the  
9 operations specifically fall under Mr.  
10 Duckworth's –

11 COMMISSIONER C. WILLIAMS: Okay.

12 MS. GILLIANS [Santee Cooper]: – auspices, so  
13 I will defer to him.

14 COMMISSIONER C. WILLIAMS: Thank you.

15 MR. DUCKWORTH [Santee Cooper]: Thank you. I  
16 appreciate the question. We are in the – we are  
17 working on the updating process, as we speak. We  
18 will talk with ORS about the timing of this and  
19 we'll get back to you relative to when we will file  
20 those, if that makes sense.

21 COMMISSIONER C. WILLIAMS: Okay. Thank you,  
22 very much. As the District 1 representative who  
23 reads the paper pretty religiously, it was  
24 fascinating. I learned a lot and I appreciate your  
25 being here. I am going to be slipping out and then

1 watching the rest of the question-and-answer  
2 period, in just a few minutes. So, just know that  
3 I had one of those commitments I couldn't get out  
4 of, but thank you. It was good to meet you all.

5 **MS. GILLIANS [Santee Cooper]:** Thank you.

6 **VICE CHAIR BELSER:** Commissioners, any further  
7 questions?

8 **COMMISSIONER THOMAS:** Madam Chair?

9 **VICE CHAIR BELSER:** Commissioner Thomas.

10 **COMMISSIONER THOMAS:** Thank you.

11 Like Commissioner Williams, I'm a little bit  
12 interested in the Alabama power sale, as well as  
13 Waynesville, North Carolina. Those been in  
14 existence for a long time, or are those new? Or  
15 anything else you can say about that.

16 **MR. POSTON [Santee Cooper]:** I do not know the  
17 date that those power sales began. I think the  
18 Senate bill was 2016, is that –

19 **MS. GILLIANS [Santee Cooper]:** So, they are  
20 not new.

21 **VICE CHAIR BELSER:** Microphone.

22 **MS. GILLIANS [Santee Cooper]:** They are not  
23 new, it is safe to say. I time everything by when  
24 I left the Legal Department the first time, and  
25 when I came back. And that was – those were from

1 my first run-through, and I was gone for some  
2 years. So those are not new contracts. But I –  
3 [nodding head].

4 **COMMISSIONER THOMAS:** Okay. And in connection  
5 with the competitive procurement program, is an  
6 independent manager involved in that? Or can you  
7 tell me just a little bit more about how that  
8 works? Mr. Duckworth?

9 **MR. DUCKWORTH [Santee Cooper]:** We believe  
10 that – first of all, to back up, as we understand  
11 it, the statute does not require an independent  
12 manager of that process. We have gone through a  
13 competitive procurement process for the IRP that we  
14 talked about was in June of this – of 2020, and we  
15 believe that that satisfies the statute  
16 requirements.

17 **COMMISSIONER THOMAS:** Okay. Thank you, I  
18 appreciate it. That's all I have. And I  
19 appreciate you being here and giving us some  
20 background. It's good to have a little baseline  
21 starting point. Appreciate it.

22 **VICE CHAIR BELSER:** Commissioners. any further  
23 questions?

24 [No response]

25 Hearing none, Mr. Bos- – I'm sorry, I have

mispronounced your name about three times this morning.

**MARK B. BONSALE [Santee Cooper]:** Bonsale.

**VICE CHAIR BELSER:** Bonsale.

**MARK B. BONSALE [Santee Cooper]:** Bonsale.

**VICE CHAIR BELSER:** I apologize.

**MARK B. BONSALE [Santee Cooper]:** No problem.

**VICE CHAIR BELSER:** Thank you very much for you, Mr. Poston, Mr. Duckworth, Ms. Gillians, for being with us this morning and giving us some information. Likewise, Mr. Mustian, thank you for being here to be able to oversee and hopefully certify the proceedings this morning.

We will be seeing you all in the future. We look forward to that. And thank you, again.

And with that, we will adjourn this ex parte presentation.

**MARK B. BONSALE [Santee Cooper]:** May I clarify one question? Because, Commissioner, you looked a little confused by the term "supplemental." And "supplemental" basically means we're not supplying 100 percent of the load; we're just topping it off. It's whatever they may need periodically. As a general matter, that's what "supplemental" is.

1                   **COMMISSIONER C. WILLIAMS:** You're an excellent  
2 read of my face. Thank you, very much.

3                   **MARK B. BONSTALL [Santee Cooper]:** Even through  
4 the mask, I could tell.

5                   Thank you. We appreciate the opportunity.

6                   **VICE CHAIR BELSER:** Thank you, and we are  
7 adjourned. Thank you.

8                   [WHEREUPON, at 11:09 a.m., the  
9 proceedings in the above-entitled matter  
10 were adjourned.]

11 \_\_\_\_\_

C E R T I F I C A T E

I, Jo Elizabeth M. Wheat, CVR-CM-GNSC, Notary Public in and for the State of South Carolina, do hereby certify that the foregoing is, to the best of my skill and ability, a true and correct transcript of all the proceedings had regarding a requested allowable ex parte briefing in the above-captioned matter before the PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA;

IN WITNESS WHEREOF, I have hereunto set my hand and seal, on this the 15<sup>th</sup> day of October, 2021.



Jo Elizabeth M. Wheat, CVR-CM/M|GNSC  
Hearings Reporter - Public Service Commission  
of South Carolina

Notary Public in/for the State of South Carolina  
My Commission expires: January 12, 2031.